

The Gazette of India

EXTRAORDINARY

PART I—Section 1

PUBLISHED BY AUTHORITY

No 129] NEW DELHI, WEDNESDAY, NOVEMBER 13, 1957/KARTIKA 22, 1879

MINISTRY OF STEEL, MINES AND FUEL

(Department of Iron & Steel)

RESOLUTION

New Delhi, the 13th November 1957

No. PLGB-53(33)/57.—In their resolution No. I&S(B)-55(7)/56 dated the 24th July 1956, the Government of India set up a committee to consider the future lines of expansion of the steel re-rolling industry as well as of electric furnaces and steel foundries. The Committee has submitted its report. The principal recommendations are:—

(1) The existing capacity of the re-rolling mills of various categories including secondary producers as on 1st November 1956 is about 700,000 tons per annum on one shift basis. As certain returns need rechecking, the figure should be regarded as provisional.

All the existing capacity is not covered by valid sanctions. In some cases, the plant and machinery which was mainly for the purpose of replacement has been put up along with plant already in position. Strictly speaking, the capacity created without proper sanction should not be recognised. It would not, however, be in the national interest to ignore the existence of such plant and machinery.

(2) In addition, some plant and machinery has been licensed by the Iron & Steel Controller to be obtained from abroad or indigenously, mainly for replacement. There is reason to believe that most of the plant and machinery now to be arranged will have the effect of increasing the capacity of the re-rolling units. Such additional capacity has been assessed at 104,760 tons per annum and may be taken as the projected additional capacity.

(3) While the major part of the existing capacity is based on the use of billets, quite a few units, particularly smaller units, depend on re-rollable scrap for their operation. Re-rollable scrap is not the proper material for the manufacture of quality product, but its use will be continued in mills below 8" sizes. These can operate economically on re-rollable scrap. The capacity of such units which can suitably run on re-rollable scrap is 26,200 tons per annum. The remaining capacity should be taken as based on billets. It comes to 1,325,746 tons on double shift.

No difficulty is anticipated in the mills below 8" in size getting their future requirements of re-rollable scrap as hitherto.

As regards the units based on billets, a number of such units have had to restrict their operations to single shift or even less. It is generally accepted practice for such units to work double shift to ensure economic production. Allowing for wastage at 10 per cent., their total requirements of billets on double shift, work out to 1,458,024 tons per annum.

The indigenous suppliers of billets and imports under liberal policy have not proved sufficient to meet the requirements of the re-rolling industry according to the general practice in the line.

The total anticipated availability, of billets and electric furnace ingots for re-rolling purposes, by 1960-61 is 890,000 tons a year. This quantity in terms of billets comes to 876,250 tons.

(4) Nothing can be said about the quantum of billets that would be available in the near future. Anyway, it is clear that it would not be possible to cater to the entire industry as it exists today on two shift basis which represents the general practice in industry to achieve economic production. It would, therefore, be necessary to regulate billet supplies in the manner which more or less maintains the present pattern of distribution.

(5) In spite of the Government of India's liberal import policy in regard to billets, it was found necessary to obtain from abroad substantial supplies of certain sections for which capacity existed in the country. This points to the conclusion that it is difficult to get billets from foreign countries. Government should, therefore, make a special effort to get from steel producing countries, through trade agreements or otherwise, as much billet supply as possible to supplement the indigenous production to enable the re-rollers to work on an economic basis.

(6) If adequate supplies of billets cannot be arranged, the available supplies may have to be rationed among the re-rollers *pro rata* on the capacity as recently assessed by the Iron & Steel Controller. In such allocations of billets

- (i) the units which were given the option recently to change over to billets but preferred to continue to operate on scrap and
- (ii) the unauthorised capacity will have to be ignored.

Unless supplies for one shift at least are assured to the industry, there would be a danger of larger units having to suspend their operations.

(7) The re-rolling industry is amenable to regional development. New capacity should be established so as to fill the gap locally as far as possible.

The following States are deficient in re-rolling capacity:

1. Andhra
2. Assam (including Manipur, Tripura and NEFA)
3. Bihar
4. Himachal Pradesh
5. Jammu and Kashmir
6. Madras (including Pondicherry)
7. Madhya Pradesh
8. Mysore
9. Kerala
10. Orissa

The other States have surplus re-rolling capacity.

(8) For all billets allocated, production orders should be planned by the Iron & Steel Controller in the same way as on the main and secondary producers.

(9) Existing classification of re-rollers ("Registered" and "Unregistered") should be revised and in future there should be only two categories on the basis of the type of raw material used—billets or scrap. Only mills below 8" may continue to base their operations on scrap.

(10) The estimated total liquid metal capacity of steel furnaces, existing and projected, will be utilised both for castings and for the production of ingots or billets. The melting scrap expected to be available by 1960-61 would be 260,000 tons per year. This would hardly be sufficient to meet the needs of the existing and projected steel furnaces, as their actual requirements of scrap would be about 285,000 tons a year.

The capacity of the existing steel foundries is 21,000 tons per annum. They expect to increase their capacity to 36,000 tons per annum by 1960-61. These foundries should be encouraged to expand and to utilise all their liquid metal for castings purposes only.

(11) The estimated demand for steel castings by 1960-61 is 72,000 tons per annum and the steel foundry capacity is expected to be 86,000 tons by that time. This will take care of the entire demand for steel castings. Therefore, there is no need to create any additional casting capacity before 1960-61. The position should be reviewed thereafter.

(12) The estimated availability of melting scrap (other than re-rollable industrial scrap) now is 200,000 tons per annum. This together with about 200,000 tons now being exported makes up a total of 400,000 tons, and with the ingot production of 6 million tons per annum after 1960-61, the expected availability of scrap by 1961-62/1965-66 is expected to be 1,000,000 tons i.e. 600,000 tons over and above the 400,000 tons.

There is definitely a need in the country for additional steel furnaces for the manufacture of steel ingots or billets for meeting the needs of steel rolling industry. By 1960-61, 250,000 tons of Grades 2 and 3 scrap, now being allowed to be exported, will be available. 20% of this scrap is comprised of very light varieties, which arise in all parts of the country. Besides, other types of light scrap can be had throughout the country. Efforts should be made to use such scrap in the regions where it arises. In all, about 80,000 tons of this type of scrap would be available per year. Mains Frequency Induction furnaces with monthly capacity of 150/300 tons should be set up to convert this scrap into billets for rolling mills at least one in each State and more than one if an assessment of scrap availability warrants such addition.

(13) Until the furnaces are erected to utilise the scrap exported at present, permits may be given for export, subject to review every six months and the exporters making a certain percentage available to electric furnaces. Eventually the export should be stopped.

Scrap should be de-controlled, so that it may find a price level through normal trade channels.

2. The Government of India have accepted, recommendations (4), (8), (10) and (11). In regard to recommendations (1), (2), (3), and (6), the Government of India observe that the capacity as assessed on the 1st November 1956, is higher than estimates made earlier. They consider that it will be necessary to carry out a further detailed technical assessment before adopting figures of capacity of individual re-rolling mills for allocation of raw materials.

While recommendation (5) would ordinarily have been worth consideration, the present foreign exchange position would hardly justify any further increases in imports of billets.

With regard to recommendation (7), the Government of India note that, despite the overall capacity being in excess of both the demand and the availability of raw materials, new capacity is recommended to be established in certain States on grounds of regional development. There is no case on merits for any new units except in areas which have no or little capacity at present and which might justify the location of new units on considerations of convenience of transport and economic production. In determining the location and size of such units it is important to bear in mind the possible disturbance to the pattern of distribution, in a scarce market. The Government of India propose to consider such cases on merits.

With reference to recommendation (9), it is the intention of the Government of India to allocate, as soon as the supply position of indigenous billets so permits, billets to Re-rolling Mills of 8" and above. In the meantime, the allotments of billets will continue to be made on the basis adopted hitherto, subject to such modifications as the availability of billets may, from time to time, permit.

While recommendation (12) is acceptable in principle, it will be necessary to examine the availability and the suitability of such scrap and also the economics of production before considering applications for installation of furnaces. The economic size of each unit will be determined taking into account the particular circumstances of the case.

With regard to recommendation (13) on scrap, the Government of India propose to consider this recommendation on its merits, at the appropriate time.

ORDER

Ordered that a copy of this Resolution be communicated to all concerned and that it be published in the Gazette of India Extraordinary.

S. BHOOTHALINGAM, Secy.

MINISTRY OF COMMERCE AND INDUSTRY

PUBLIC NOTICE

IMPORT TRADE CONTROL

New Delhi, the 13th November 1957

SUBJECT.—*Importation of Empty Gas Cylinders for re-export after being filled with gas*

No. 73-I.T.C.(P.N.)/57.—It has been represented that the existing procedure for the issue of C.C.Ps. for import of Empty Gas Cylinders falling under Serial No. 65(5)(iii)/V which are to be re-exported after being filled with gas is cumbersome and entails delay in the issue of C.C.Ps. to cover import of individual cylinders. The matter has been looked into, and it has been decided to simplify the procedure and to issue licences for import of Empty Gas Cylinders in one lot to the importers in the following manner:—

- (a) The importers should apply for a licence to import Empty Gas Cylinders in respect of their six months requirements i.e. the number of cylinders which they will be able to re-export after being filled with gas within a period of six months. The application should be supported with a certificate from the Director of Explosives in respect of cylinders applied for.

- (b) The applicants should also produce evidence to show that their requirements are genuine and they have been in the particular trade.
- (c) C.C.Ps. without Exchange Control copy will be granted to *bona fide* applicants subject to the condition that the licensee after importing the Empty Gas Cylinder will re-export them after filling with gas within six months.
- (d) The importer will also be required to execute a bond with surety from an Insurance Co. or a Chamber of Commerce at the time of importation of the cylinders to the effect that he will re-export cylinders filled with gas within a period of six months. In the case of firms of good standing who are in the line and whose past performance has been satisfactory, the licensing authority may, in its discretion, dispense with the surety.

S. N. BILGRAMI, Jt. Secy.

